

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 SIL-01 LAB-04 PA-02 PRS-01 AID-05

CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00 EB-07 FEAE-00

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-03 USIA-15 SAM-01 OES-05 SP-02 SS-15 STR-04

TRSE-00 FRB-01 /116 W

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R 301618Z JUN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2459

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

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E.O. 11652: N/A

TAGS: ELAB, UK

SUBJECT: "TRADE UNIONS IN TROUBLED WATERS" -- FT REPOR-
TER TAKES A LOOK AT THE NORTH SEA OIL INDUSTRY

1. IN A VERY INTERESTING ARTICLE "THE TRADE UNIONS IN
TROUBLED WATERS" CHRIS BAUR, OF THE FINANCIAL TIMES, OUT-
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LINES SOME OF THE NORTH SEA OIL INDUSTRY'S LABOR-MANAGE-

MENT PROBLEMS. (FULL TEXT BEING POUCHED.) BAUR REPORTS THAT "A KEY FACTOR AFFECTING THE PACE AND VOLUME OF WORK" IN THE NORTH SEA IS THE "STATE OF LABOR RELATIONS ON THE NORTH SEA RIGS AND IN THE PLATFORM YARDS".

2. BAUR HIGHLIGHTS THE CHARGE BY DAN JEFFUS, OPERATIONS MANAGER OF ONE OF THE MAJOR DRILLING COMPANIES, ODECO, WHO ACCUSES UNIONS OF TRYING TO DESTROY THE OFF-SHORE DRILLING BUSINESS THROUGH MILITANT ACTION (A RECENTLY-LIFTED BOYCOTT OF SUPPLIES AND SERVICES TO ODECO RIGS IN SUPPORT OF A DEMAND FOR RECOGNITION AND NEGOTIATION RIGHTS). HE ALSO NOTES A RELATED CHARGE BY SIR FRANK MCFADZEAN, CHAIRMAN OF "SHELL" TRANSPORT AND TRADING, WHO DESCRIBED THE CLYDE BASIN, WHERE THE GOVERNMENT IS ATTEMPTING TO CONCENTRATE YARDS FOR BUILDING CONCRETE PLATFORMS AS "SOMETHING OF AN ALBATROSS AROUND THE NECKS OF CONTRACTORS" BECAUSE OF ITS CONTRIBUTIONS TO POOR PRODUCTIVITY AND SERIOUSLY LATE DELIVERY OF EQUIPMENT. BUT BAUR SURMISES THAT THE "OIL COMPANIES, WHICH ARE INCREASINGLY NERVOUS ABOUT THEIR ABILITY TO MEET ALREADY SEVERELY-STRAINED PRODUCTION TARGETS, MAY NOW CONSIDER A LITTLE JUDICIOUS HEADLINE-GRABBING ON THE LABOR FRONT MIGHT CONCENTRATE MINDS WONDERFULLY".

3. THE FINANCIAL TIMES REPORTER DESCRIBES SOME OF THE COMPLEX ISSUES INVOLVED IN THE NORTH SEA OIL INDUSTRY, NOTING THAT THE VARIOUS UNIONS INVOLVED ARE NOW POOLING THEIR EFFORTS TO GAIN A FOOTHOLD ON THE EXPLORATION RIGS WHILE, ON THE OTHER HAND, FIGHTING FOR REPRESENTATION RIGHTS IN THE FOUR OPERATIONAL YARDS FOR BUILDING STEEL STRUCTURES AT CRAYTHORP, TEESIDE, METHIL, FIFE; AND ALSO ARDERSIER AND NIGG IN THE EASTERN HIGHLANDS. "FOR THE PAST 18 MONTHS," HE REPORTS, "A 12-UNION OFFSHORE COMMITTEE HAS BEEN CAMPAIGNING FROM ABERDEEN, THE MAIN RIG-SERVICE BASE IN THE COUNTRY, FOR RECRUITING AND NEGOTIATING RIGHTS ABOARD THE 30 OR SO RIGS NOW OPERATING IN UK WATERS." THE UNIONS HAVE AGREED TO CONFINE REPRESENTATION TO FOUR MAJOR UNIONS, THE TRANSPORT AND GENERAL WORKERS UNION (TGWU) THE ENGINEERS, THE BOILERMAKERS AND THE SEAMEN WHICH WILL ACT FOR THESE PURPOSES AS A SINGLE

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ORGANIZATION.

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4. THIS COMBINED UNION FORCE RECENTLY WON A SIGNIFICANT VICTORY IN THAT BRITISH PETROLEUM, SHELL, ODECO AND SEDCO HAVE ALLOWED UNION REPRESENTATIVES TO TRAVEL BY HELICOPTER TO THE RIGS WHICH THEY OWN. BAUR SAYS THAT
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WHILE THE COMMITTEE CLAIMS TO HAVE ACHIEVED A MAJORITY ON SOME OF THE RIGS THIS IS IMPOSSIBLE TO SUBSTANTIATE AND IS DENIED BY SEVERAL OF THE COMPANIES. MOREOVER, HE ADDS THAT WHILE "FEW OF THE COMPANIES NOW ADMIT TO BEING OPPOSED TO UNIONIZATION IN PRINCIPLE IT IS A PHENOMENON WHICH THEY (AND PARTICULARLY THE PREDOMINATE AMERICAN OPERATORS) ARE NOT USED TO, AND WHICH THEY ARE CERTAINLY NOT SEEKING TO ENCOURAGE WITHOUT SOLID EVIDENCE THAT ITS CREWS WISH IT". HE CONCLUDES: "ULTIMATELY, HOWEVER, THE UNIONS MAY NOT GET THEIR FOOT PROPERLY IN THE DOOR UNTIL THE ENACTMENT, PROBABLY THIS AUTUMN, OF THE EMPLOYMENT PROTECTION BILL," WHICH WILL FACILITATE AN ASSESSMENT OF THEIR CLAIMS FOR RECOGNITION AND IF NECESSARY BY A BALLOT OF THE CREWS ON THE RIGS. HOWEVER, BAUR GOES ON TO NOTE EVEN AFTER AN INDIVIDUAL BALLOT IS ACHIEVED IN THE NEW LAW THAT "GIVEN THE CHARACTER OF LABOR TRADITION ENGAGED ON THE RIGS IT IS EQUALLY CLEAR THAT THE UNIONS CANNOT BE AT ALL SURE THEY WILL GET THE REPLY THEY WANT."

5. COMMENT: IN THE LIGHT OF BAUR'S COMMENTS, ONE MIGHT REASONABLY EXPECT A HIGH DEGREE OF TENSION IN NORTH SEA OIL INDUSTRY LABOR-MANAGEMENT RELATIONS FOR SOME TIME TO COME. JACK JONES, THE HEAD OF THE TGWU, THE LARGEST UNION INVOLVED, INDICATED TO US THAT HE IS PERSONALLY HANDLING THE OVERALL ISSUE OF UNION RECOGNITION ON THE RIGS, ALTHOUGH A TGWU REPRESENTATIVE IN ABERDEEN IS THE KEY MAN "ON THE GROUND" IN THE AREA.

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